

than gold and many obligations were specifically payable in silver. The suspension of silver coinage on private account in 1879 gave a fictitious value to Austrian silver coins, just as it was attempted by the British government to give such a value to Indian rupees in 1893, and the florin ceased to fluctuate with the silver bullion market while remaining below both gold and paper. The government did not in 1879, however, abandon the silver standard and from 1879 to 1891 coined not less than 125,500,000 silver florins at the mints of Vienna and Klremnitz. The rate of conversion adopted for the paper currency, therefore, was not exactly the scaling of a gold obligation, for gold only became the standard on the date that the rate of conversion was fixed. The rate represented about the average exchange from 1879 to 1891.'

The bank was required to establish gold payments upon the basis of the new rate of exchange. The result was a considerable benefit to the bank, for it had in its vaults on August 7, 1892, 59,757,000 florins in gold and 20,428,000 florins in foreign bills payable in gold, which at the new rate acquired a higher nominal value. The bank carried 13,500,000 florins in foreign bills to its special reserve fund, and was still able on August 15th to report a cash reserve of 70,666,000 florins, including 619,876 florins received during the preceding week, and foreign bills in hand payable in gold, to the amount of 10,404,000 florins.² The addition was made to the special reserve fund in order to avoid increasing the limit of covered note issues, which was not thought advisable without consultation with the government. The entire operation was simply a matter of bookkeeping and added nothing to the real resources of the bank or to the value of its gold. The gold had formerly been counted at its face value, while its real value, expressed in terms of depreciated paper, was much greater. The change simply recognized this fact and in bringing the gold and paper

¹ Haupt, 58-64.

² Le Mar chit Financier en 1892, 102.